

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

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FISCAL IMPACT STATEMENT

LS 7637

BILL NUMBER: HB 1526

NOTE PREPARED: Jan 16, 2007

BILL AMENDED:

SUBJECT: Department of Indiana Heritage.

FIRST AUTHOR: Rep. Murphy

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State

Summary of Legislation: This bill establishes the Department of Indiana Heritage (DIH). It allows the Natural Resources Commission to establish admission fees for historic sites. The bill makes changes to the organization and duties of the Division of State Museums and Historic Sites and the division's board of trustees.

The bill establishes the Historic Site Fund and requires the admission fees and historic property sales to be deposited in the Historic Site Fund (instead of in the Museum Acquisition Fund). It also provides that at least 51% of the fees collected from a particular historic site must be used for the educational programs conducted at the historic site and for the maintenance and operation of the historic site.

The bill requires the State Personnel Department and the Budget Agency to study the structure of the Department of Indiana Heritage.

Effective Date: Upon passage; May 15, 2007; July 1, 2009.

Explanation of State Expenditures: *No State General Fund Appropriations.* The bill contains no appropriation from the state General Fund.

Office of the Commissioner. This bill establishes the DIH, which consists of the Office of the Commissioner. The Governor appoints the commissioner. The commissioner is entitled to compensation in an amount to be fixed by the Budget Agency with the approval of the Governor.

If the Commissioner were classified as an ESM I (an Executive, Scientific, Medical classification), costs for

the compensation and fringe benefits for the Commissioner would be approximately \$100,000 (with a salary of about \$76,000 and fringe benefits plus indirect costs of about \$22,000). If the Commissioner's compensation was comparable to the head of the Department of Natural Resources (DNR), costs for the Commissioner would equal approximately \$118,000, including fringe benefits. Additional costs would be incurred for office space if none is currently available. The bill establishes a fund (described below) to provide money for the DIH.

The DIH may not assume any obligation, liability, or burden that exceeds appropriations made by law for the payment of such obligations, liabilities, and burdens.

Department of Indiana Heritage Fund. The bill establishes the DIH Fund as a dedicated fund to provide money for the DIH to carry out its duties. The DIH administers the fund. Subject to the approval of the Budget Agency, the DIH may establish additional accounts or combine existing accounts as necessary to carry out the duties of the DIH. The bill provides no appropriation to the fund.

Division of State Museums and Historic Sites. The bill provides that the director of the Division of State Museums and Historic Sites may serve as the head of a section of the Division of State Museums and Historic Sites. The bill also provides that an individual may serve as the head of more than one section of the division. This provision could change administrative expenses for the DNR. The fiscal impact will depend on how the DNR elects to implement the provision.

The proposal also allows the Division to do the following:

- (1) Make and execute contracts or other instruments that are necessary or convenient to exercise the division's duties and powers.
- (2) Establish and collect admission charges, fees, rent, and other user fees for the State Museum or historic sites; restaurants and other facilities located at the State Museum or historic sites; programs, lectures, classes, tours, and trips provided at the State Museum or historic sites.
- (3) Employ or contract with a person to manage or operate any aspect of the state museum or historic sites.
- (4) Make and sell merchandise.
- (5) Pay royalties, license fees, and charges for exhibits, artifacts, artwork, and other materials.
- (6) Own and enforce the division's copyrights, trademarks, and service marks.
- (7) Sell, donate, or exchange artifacts.

The fiscal impact of these provisions is indeterminable but will depend on current practice and the implementation of the above provisions.

Board of Trustees for the Division of State Museums and Historic Sites. The bill changes the composition of the board of trustees for the Division of State Museums and Historic Sites. However, the total number of members remains at 13. The Governor must make appointments in a manner to achieve diversity and geographic balance among the trustees. A fiscal impact would result only if new members resulted in different reimbursements for mileage. However, this impact is not expected to be significant.

The bill also eliminates provisions that require the trustees to nominate, when the position of division director is vacant, a person to be appointed by the DNR director to that position; to recommend the dismissal of a division director; and to make recommendations concerning the salary ranges of the administrative, professional, and technical staff of the division. It is anticipated that this provision would not result in a significant fiscal impact.

Historic Site Fees. The bill allows the Natural Resources Commission to establish admission fees for historic sites. This provision will result in administrative expenses for the DNR. Each site that is currently not collecting a fee would experience a one-time operational cost of approximately \$2,505. Total statewide one-time costs would equal \$21,620. This figure includes setup costs for cash registers, credit card machines, phone lines, etc. However, the bill also establishes the Historic Site Fund to finance administrative costs.

Historic Site Fund. This bill establishes the Historic Site Fund to provide funding for educational programs and the operation of historic sites. The fund must be administered by the Division of State Museums and Historic Sites. Expenses of administering the fund must be paid from money in the fund. At least 51% of admission fees collected at historic sites must be used for educational programs conducted at the historic site; and the maintenance and operation of the historic site.

Report on the Structure of the DIH. The bill provides that the State Personnel Department (SPD) and the State Budget Agency (SBA) must examine the organizational structure, statutory duties, and existing functions of the DNR's Division of Historic Preservation and Archeology; the DNR Division of Museum and Historic Sites; the Indiana Historical Bureau; the Indiana State Library; the Indiana War Memorials Commission; and the Indiana State Archives Program of the Commission on Public Records.

The SPD and the SBA must recommend the proposed organizational structure of the DIH; recommend existing state agencies to be transferred to the DIH; recommend the proposed organizational structure of boards and commissions at the existing state agencies and the DIH; and determine the fiscal impact of the recommendations. The SPD and the SBA must prepare a report with findings and recommendations. The report must be delivered to the Governor and the Legislative Council before October 1, 2007. Expenses associated with this provision will depend on administrative decisions.

Explanation of State Revenues: The DIH may accept gifts, bequests, and devises of personal and real property for the maintenance, use, or benefit of the DIH under terms and conditions and with obligations, liabilities, and burdens that the commissioner believes are in the best interest of the DNR .

Department of Indiana Heritage Fund. The bill establishes the Department of Indiana Heritage Fund as a dedicated fund to provide money for the DIH to carry out its duties. The fund consists of the following:

- (1) Appropriations to the DIH.
- (2) Assets transferred to the DIH under a statute providing for the transfer of all or part of the powers and duties of another agency to the DIH.
- (3) Proceeds from the sale of items by the DIH.
- (4) Gifts of money or the proceeds from the sale of gifts donated to the DIH.
- (5) Investment earnings from any part of the fund.

Historic Site Fund. The bill establishes the Historic Site Fund to provide funding for educational programs and the operation of historic sites. Admission fees and proceeds from sales and leases must be deposited in the fund. The Treasurer of State must invest money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Money in the fund at the end of a state fiscal year does not revert to the state General Fund.

Admission Fees from Historic Sites. The bill provides that the Natural Resources Commission can establish admission fees for historic sites. The bill provides that the Division of State Museums and Historic Sites is authorized to collect admission charges, fees, rent, and other user fees for the following:

- (1) The state museum and historic sites.

(2) Restaurants and other facilities located at the state museum or historic sites.

(3) Programs, lectures, classes, tours, and trips provided at the state museum or historic sites.

The Division may also sell merchandise and donate or exchange artifacts in the division's collection to or with a public or nonprofit museum or historical society. The amount of revenue that could be raised is indeterminable and would be based on actions of the Commission.

School group fees have already been established by the Commission at \$1 per student. At least 51% of the fees, or an estimated \$144,000, must be used for educational programs conducted at the historic site and for the maintenance and operation of the historic site. Revenue estimates for specific sites are listed below.

Revenue Generated by Admission Fees for Historic Sites and 2005 Operational Costs			
Site	Revenue 2006	51% of Revenue	2005 Operational Costs
Angel Mounds State Historic Site	\$ 20,500	\$10,455	\$14,223
Levi Coffin State Historic Site *	-	-	*
Corydon Capitol State Historic Site	\$ 16,000	\$8,160	\$13,683
Culbertson Mansion State Historic Site	\$ 8,200	\$4,182	\$2,505
Ernie Pyle State Historic Site	\$ 2,867	\$1,462	\$2,505
Gene Stratton Porter State Historic Site	\$ 6,854	\$3,495	\$2,505
Grissom State Historic Site **	-	-	**
Lanier Mansion State Historic Site	\$ 26,519	\$13,524	\$13,683
Limberlost State Historic Site	\$ 6,398	\$3,262	***
New Harmony State Historic Site ***	-	-	****
T.C. Steele State Historic Site	\$ 10,709	\$5,461	\$2,505
Vincennes State Historic Site	\$ 11,097	\$5,660	\$2,505
Whitewater Canal State Historic Site	\$ 27,479	\$14,014	\$14,223
Total	\$136,623	\$69,677	\$55,812
\$115,000 of revenue is to cover seasonal program interpretation.			
* This site was managed by Friends of Levi Coffin Organization.			
** This site was managed by Friends of Grissom.			
*** This site was managed by Friends of the Limberlost.			
**** Indiana State Museum and Historic Sites is in a contract with University of Southern Indiana (USI). The Division manages the collections for both organizations, and USI manages the interpretation and guest services.			
Based on 2006 attendance figures and based on admission fees ranging from \$3 to \$6. Fees may initially result in a 20% decline in attendance.			

Background Information on Operational Costs of the Historic Sites. In addition to the above operational costs, it should be noted that the DNR provides in its budget for other services for the sites as outlined below.

Historic Sites Operational Costs not included in Historic Sites Appropriated Budget:Presently supplied by DNR Administration budget:

Real Estate& Liability Lawyer	\$90,000 + benefits or contract funds	
		\$90,000 +

Presently supplied by DNR Division of Engineering and Division of State Parks budget:

Engineers and Architectural Services

Mechanical Engineer	\$ 55,000 + benefits
Architectural Engineer	\$50,000 + benefits
Civil Engineer	\$55,000 + benefits
Landscape Engineer	\$50,000 + benefits
Cad Technician	\$30,000 + benefits

\$240,000 + benefits or outsource contract amounting to approx. 12% of CRR and PM budget= \$550,000

Earthworking equipment

Maintenance facility-storage	\$ 45,000 (pole barn stone with utilities)	
Trackhoe	\$150,000	
low-boy carrier	\$ 25,000	
Dump truck-tri-axle	\$ 75,000	
Cables & chains tie-downs	\$ 2,500	
		\$297,500 (initial)

Tree removal equipment

Chainsaws (\$350 X 3)	\$ 1,050	
Chipper	\$10,000	
Cherry picker	\$75,000	
		\$ 86,050 (initial)
Operator-union (LTC 2) (2) @\$21.840	\$ 43,680 + benefits	

Total services currently supplied by DNR budget: \$1,023,550

Presently supplied by Indiana State Museum budget:

Technology :

DIOT asset charges:	\$14,844
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Artifact Curator

Fine Arts Curator (EXBB)	\$50,000 + benefits	
Textiles & Costume Curator (Pat 1)	\$48,000 + benefits	
		\$98,000 +

Artifact Conservation

Staffing		
3-D Conservator (PAT 1)	\$48,000 + benefits	
Textile Conservator (Pat 1)	\$ 48,000 + benefits	
Fine Art Conservation Contract	\$45,000	
		\$105,000+

Conservation supplies	\$20,000	\$20,000
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Conservation Lab equipment & lab (approx. 1500sf)

height (4) @\$1,631	\$6,524.00	
Task light-adjustable tilt and height		
(3) @ \$297.00	\$ 891.00	
Stainless steel mobile wash tank	\$5,700.00	
Light Table (2)\$1,821.28	\$3,642.56	
Suction table (cold)	\$8,757.00	
Range (top and oven)	\$ 650.00	
Range hood	\$ 80.00	
Exhaust booth	\$5,500.00	
Washer and dryer	\$1,000.00	
Fire cabinet (2) \$284.30	\$ 568.60	
Acid/Corrosive cabinet	\$ 284.30	\$145,597.46 (initial)

Special equipment and environmental needs for conservation lab:

Exhaust system-3-4 areas of exhaust
De-ionized water supply
Hot water on demand at set temperature
Humidity and Temperature control no greater than 2 degrees during any 24 period.

Total operational costs not included in Historic Sites appropriated budget: \$1,406,992+

<u>Historic Sites Appropriated 2005-2007 Budget</u>	<u>Proposed 2007-2009</u>
Operating: pt. 1: \$2,139,000	2,140,920
Pt. 2-9 \$396,000	627,000
C.R. & C: \$3,700,000	4,500,000
PM: \$331,000	331,000

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: SPD; SBA; DNR.

Local Agencies Affected:

Information Sources: K. McLary 1/12/07, DNR.

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